

2004

Form I-1120

FOR CALENDAR YEAR 2004

CITY OF IONIA INCOME TAX

OR FISCAL YEAR ENDING:

Corporate Return

THIS IS NOT A FEDERAL RETURN

PLEASE TYPE OR PRINT	Name of Corporation	Where and Date Incorporated	
	Number and Street	Principal Business Activity	Telephone Number
	City or Town, State and Zip Code	Main Address in Ionia	Person in charge of Records
	FEDERAL ID NUMBER		

TAXABLE INCOME COMPUTATION

1. Taxable income before net operating loss deduction and special deduction (ATTACH COPY OF FEDERAL FORM 1120 INCLUDING SCHEDULE K).....	1	
2. Enter the gain or loss from the sale or exchange of property included in line 1.....	2	
3. Result after excluding line 2 from line 1.....	3	
4. Enter items not deductible under the City of Ionia Income Tax Ordinance (from Page 2, Schedule D, Column 1, line 5).....	4	
5. Enter items not taxable under the City of Ionia Income Tax Ordinance (from page 2, Schedule D, Column II, line 11).....	5	
6. Total (add lines 3, and 4, and subtract line 5).....	6	
7. Amount in line 2 above (after excluding any capital loss carry-over) applicable to the taxable period (see instructions).....	7	
8. Total (add lines 6 and 7).....	8	
9. Allocation percentage from page 2, Schedule C line 5 - (if all business was in Ionia, enter 100% on line 9, DO NOT use Schedule C).....	9	
10. Total - multiply line 8 by the percentage on line 9.....	10	
11. Less: The applicable portion of net operating loss carry over and or capital loss carryover (see instructions).....	11	
12. Total income subject to tax - line 10 less line 11.....	12	
13. CITY OF IONIA TAX - multiply line 12 by 1%	13	

PAYMENTS AND TAX CREDITS

14. Tax paid with tentative return and Declaration of Estimated Ionia Income Tax payments made.....	14	\$
15. Other credits - you must attach explanation and support.....	15	
16. Total - add lines 14 and 15.....	16	\$

TAX DUE OR REFUND

17. If your tax (line 13) is larger than your total payments (line 16) enter BALANCE DUE..... MAKE CHECKS PAYABLE TO CITY OF IONIA - AND MAIL TO CITY OF IONIA, INCOME TAX DIVISION, PO BOX 512, IONIA MI 48846	17	\$
18. If your total payments (line 16) are larger than your tax (line 13) enter OVERPAYMENT.....	18	
19. Line 18 to be (a) Credited on 2005 estimated tax \$ _____ or (b) refunded \$ _____		

A. Name and address of resident agent in Michigan _____	Do Not Write in Space Below
B. Is this a consolidation return? <input type="checkbox"/> YES <input type="checkbox"/> NO If yes, list the names and addresses of included corporations in an attached statement showing the percent owned of voting stock of each corporation.	
C. If 50% or more of voting stock of this corporation is owned by any corporation, individual, trust, partnership or other entity, list the name, address and percentage owned by such party in an attached statement.	
D. The number of Ionia locations included in this return. _____	
E. Total amount of dividends paid to all stockholders during calendar year 2004 \$ _____	
F. List name and addresses of officers who are Ionia residents _____	

I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than the taxpayer, the preparer's declaration is based on all information of which the preparer has any knowledge.

SIGN HERE
Signature of Officer Title Date

SIGN HERE
Signature of Preparer Address Date

MAIL TO: CITY OF IONIA, INCOME TAX DIVISION, PO BOX 512, IONIA, MI 48846

SCHEDULE C - BUSINESS ALLOCATION FORMULA

	I Located Everywhere	II Located in Ionia	III Percentage II/I
1a Average net book value of real and tangible personal property	\$	\$	
1b Gross rentals of real property, multiplied by 8			
1c. Total - add lines 1a and 1b			%
2. Total wages, salaries, commissions and other compensation paid to all employees			%
3. Gross receipts from sales made or services rendered			%
4. Total percentages - add the percentages computed in column III on lines 1c, 2 and 3			%
5. Average percentage (column III, line 4, divided by three - see note below and instructions) Enter here and on page 1, line 9			%

NOTE: In determining the average percentage (line 5), if a factor does not exist, the sum of the percentages shall be divided by the number of factors actually used.

SCHEDULE D

Schedule D is used to adjust the income reported on page 1, line 1a or 1b, to give the effect to the requirements of the Ionia Income Tax Ordinance. The period of time used to compute items for Schedule D must be the same as the period used to report income on line 1. Schedule D entries are allowed only to the extent they are directly related to net income as shown on page 1, line 1.

For the period from _____ to _____

COLUMN I**Add - Items Not Deductible**

1. Adjustments to income relating to prior periods

(See instructions).....

2. All expenses (including interest) incurred in connection with derivation of income not subject to City of Ionia income tax.....

3. City of Ionia income tax paid or accrued.....

4. Other (attach schedule detailing)

5. Total additions - enter on page 1, line 4.....

COLUMN II**Deduct - Items Not Taxable and Allowable Deductions**

6. Interest from United States obligations and from

United States governmental units.....

7. Dividends-Received deduction.....

8. Dividend gross up of foreign taxes.....

9. Foreign tax deduction.....

10. Other (attach schedule detailing)

11. Total Deductions (enter on page 1, line5).....

SCHEDULE E

Schedule E is used by Subchapter S corporations to reconcile the amount reported on line 1, page 1, I1120 with Federal Forms 1120S and Schedule K-1120S.

ATTACH FEDERAL FORM 1120S AND FEDERAL SCHEDULE K FORM 1120S

1. Ordinary income (loss) from trade or business (per Federal 1120S).....

2. Income (loss) per Schedule K, Federal 1120S (lines 2-6).....

3. Total income (loss) - Add lines 1 and 2.....

4. Deductions per Schedule K, Federal 1120S

5. Taxable income before net operating loss deduction and special deductions (subtract line 4 from line 3)

ENTER HERE AND ON PAGE 1, LINE 1, I1120.....

INSTRUCTIONS FOR FORM I-1120

CITY OF IONIA CORPORATION RETURN

For corporations doing business in the City of Ionia

Filing Date and Remittance

An annual return is due on or before the last day of the fourth month following the end the corporation's taxable year. Returns must be for the same calendar year, fiscal year, or other accounting period as the taxpayer uses for federal income tax purposes. For calendar year filers the due date is 4/30/2005.

Make remittance payable to:
City of Ionia

Mail your return and remittance to:
Income Tax Division
PO Box 512
Ionia, MI 48846

Who Must File a Corporation Return (I-1120)

The City of Ionia income tax became effective January 1, 1994. Every corporation doing business in the City of Ionia after January 1, 1994, whether or not an office or place of business was maintained in the City, is required to make and to file an annual City of Ionia Income Tax Corporation Return, Form I-1120. An annual return must be filed whether or not the corporation has net profits.

Corporations cannot elect to file and be taxed as partnerships. A corporation that elects to file under Subchapter S of the internal revenue code must file as a C corporation for Ionia Income Tax purposes.

Non-profit corporations which have applied for and received approval for exemption from Federal income tax shall not be required to file an Ionia return provided they submit, to the Administrator, a copy of their approved exemption from the Internal Revenue Service. The exemption from filing a City of Ionia return will continue as long as the Federal exemption is in effect.

The ordinance also specifically exempts state and national banks, trust companies, insurance companies, building and loan and saving and loan associations, and credit unions (chartered by either the state or federal government).

Extensions

The Administrator may extend the time for filing up to six months with a written request of the taxpayer or to one month beyond the extension when a longer extension has been granted by the Internal Revenue Service. All requests for extension must be made on or before the required filing date of the return.

A valid extension does not extend the time for paying the tax due. Payment of the total estimated tax due must be made with the request for extension. Interest and penalty will be charged for underestimation of, or not paying, the estimated tax due.

Instructions for Page 1

Line 1. Enter profit or loss from your Federal Corporation Income Tax Return. A copy of the Federal 1120 Return (or Federal 1120S, including schedule K-1)

must be attached to support the amount on line 1.

Line 7. Only the amount of the gain or loss occurring from January 1, 1994 to date of disposition shall be recognized for purposes of the Ionia income tax. Adjustment for this is to be made here by removing the gain or loss on line 2 and inserting, on line 7, only the portion of the gain or loss applicable to the holding period subsequent to January 1, 1994, to the date of disposition. Any net capital loss carryover included in line 2 of page 1 should be excluded before entry on line 8. The portion of line 2 that represents net capital loss carryover is to be entered on line 12 in accordance with the instructions for that line. The amount of gain or loss occurring after January 1, 1994 is to be determined by either (1) computing the difference between the January 1, 1994 fair market value (December 31 closing price for traded securities) or the cost if the date acquired was subsequent to January 1, 1994, and the proceeds from the sale or exchange, or (2) by using the gain or loss for the entire holding period, as computed for Federal income tax purposes, and computing the taxable portion of such gain or loss on the ratio that the number of months held in the period subsequent to January 1, 1994 is to the total time the property was held.

Do not include capital gains and losses on the sale or exchange of United States obligations since such gains and losses are excluded from taxation under the Ionia Ordinance.

Line 11. Enter on this line the net capital loss carryover and/or net operating loss carryover applicable to the City of Ionia. Net capital losses sustained by a corporation for periods subsequent to January 1, 1994 may be carried forward the following five consecutive years. No deduction will be allowed for capital losses, or net operating losses, sustained prior to January 1, 1994. Capital losses and capital loss carryovers are deductible only to the extent of capital gains.

Net operating losses sustained after January 1, 1994 may be carried forward up to 15 years following the loss year, but shall not be carried back to prior years.

If 100% of a corporation's activity was not conducted in the City in the year the loss was sustained the business allocation formula percentage, in the loss year, must be applied. If Schedule D, "Business Allocation Formula" was not prepared when the loss was claimed it must be completed, and reported, so that the allowable loss carryover can be determined.

Schedule C - Instructions

Businesses with activity both inside and outside the City of Ionia must use the Business Allocation Percentage Formula. A separate accounting method may be used with approval of the Income Tax Office.

Line 1a. Enter in column I the average net book value of all real and tangible personal property owned by the business regardless of location. In column II show the net

book value of all real and tangible personal property owned by the business located in the City of Ionia. The average net book value of real and tangible personal property is determined by adding the net book values at the beginning of the year to the net book values at the end of the year and dividing the sum by two. Any other method that accurately reflects the average net book value for the year will also be permitted.

Line 1b. Enter in column I the gross rentals for the year multiplied by eight for all rented property regardless of location. In column II enter the gross rentals for the year multiplied by eight for all rented property located in the City of Ionia. Gross rentals refer only to real property, rented or leased, and should include the actual sums of money or other consideration payable, directly or indirectly by the taxpayer for the use or possession of such real property for the year.

Line 2. Enter in column I the total compensation paid to all employees during the year. In column II enter the amount of compensation paid to employees for work done or services performed within the City of Ionia during the year.

Line 3. Enter in column I the total gross receipts from all sales or services rendered during the year. In column II enter the amount of receipts derived from sales made or services rendered in the City of Ionia during the year.

Line 5. In determining the average percentage, a factor shall be excluded only if it does not exist insofar as the taxpayer's business operation is concerned. In such cases, the sum of the percentages shall be divided by the number of factors used.

Schedule D - Instructions

Line 1. Use this line to adjust net profit for items reflected in taxable income attributable to any period prior to January 1, 1994.

Line 6. Interest from obligations of the United States, the states or subordinate units of government of the states, is exempt from the tax.

Line 7. If you reported dividend income, enter on this line the amount of the dividend received deduction allowed by the Internal Revenue Code.

Line 8 and 9. Taxpayers may deduct income, war profits and excess profits taxes imposed by foreign countries or possessions of the United States, allocable to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under the applicable provisions of the Federal Internal Revenue Code.

If a foreign tax credit rather than a foreign tax deduction was taken on your Federal return, enter that portion of the credit reported on the Internal Revenue Service Form 1118 as "taxes paid or accrued" for the taxable year.

Separate Accounting - Section 19, as revised, reads as follows:

"Sec. 19. The taxpayer may petition for and the administrator may grant approval of, or the administrator may require the separate accounting method. If such method is petitioned for the administrator may require a statement, explaining

the manner in which the apportionment will be made, in sufficient detail to determine whether the net profits attributable to the city will be apportioned with reasonable accuracy."

Generally, a corporation that is unitary in nature, i.e. has central management, purchasing, warehousing, advertising, etc. cannot use separate accounting. Taxpayers allocating on any basis other than separate accounting shall include all interest, dividends, and other non-operating income to arrive at the total income subject to the allocation percentage. Taxpayers using separate accounting shall include in income subject to tax a proportionate share of dividends, interest, and other non-operating income of the total corporation, using a direct allocation if the income is received by the divisions subject to the Ionia tax, or apportioning it on the same basis as general administrative and overhead costs are apportioned to Ionia activity.

Schedule E - Instructions

S corporations must file as C corporations. Schedule E is used to reconcile the amount reported on line 1, page 1 I-1120 with Federal Form 1120S and Schedule K.

Payment of Tax or Refund Due

After computing your Ionia income tax, if the tax due is one dollar (\$1.00) or more it must be paid when filing this return. Make check or money order payable to City of Ionia. Mail both the return and payment to: Income Tax Division, PO Box 512, Ionia, MI 48846. Tax due of less than one dollar need not be paid.

If your payments and credits exceed the amount of the tax, show the amount of the overpayment on line 18. Indicate on line 19 whether you wish the overpayment to be credited to the next years estimated taxes or refunded by check. Amounts less than one dollar (\$1.00) will not be refunded or credited forward. Refunds will be made as quickly as possible but please allow 90 days before making an inquiry.

Declaration and Payment of Estimated Tax

Every corporation subject to the tax must file a Declaration of Estimated Income Tax (Form I-1040-ES) if the estimated tax for the next calendar or fiscal year is more than TWO HUNDRED AND FIFTY DOLLARS (\$250.00).

The declaration for that year must be filed within four (4) months after the beginning of each fiscal year or period (April 30, for calendar year taxpayers). The estimated tax is payable in equal installments due the last day of the 4th, 6th, 9th and 13th month after the beginning of the fiscal year (April 30, June 30, September 30, and January 31, for calendar year taxpayers). File the declaration with and mail payments to: City Income Tax, P.O. Box 512, Ionia, MI 48846. Make all remittance payable to: City of Ionia.

Assistance

If you have any questions not answered by these instructions, or if you need assistance in preparing the return, please call (616) 527-5729 or (616) 527-TAXS or visit our office located at 114 North Kidd Street, Ionia, MI 48846. Questions by mail should be sent to City Income Tax and mailed to the preceding address.